

Press Release

September 28, 2012

**Richard E. May's Statement in Regards to the Personnel Action Taken by  
the NMFA Board on September 28**

Today's action by the NMFA Board is just another chapter in the continuing effort to designate me as the scapegoat regarding the NMFA's fraudulent audit situation. I had requested on September 7, 2012 that the Board delay a decision on my employment status until all facts were available and the various management and forensic reviews had been completed. As I had suspected, the majority of the Board is not really interested in learning what happened as their real goal for improper purposes seems to be to shift the blame. It should also be noted this decision to terminate me was made without giving me an opportunity to appear before the full NMFA Board to provide all of the facts surrounding the fraudulent audit situation or to answer questions posed by the Board.

This action is in retaliation for the public comments I have made over the past ten weeks regarding the Board's imprudent action to rescind the contract with a nationally respected law firm, headed by a former federal prosecutor, to conduct an immediate independent investigation. It was also in retaliation for my comments regarding the Administration's 13 Point Memo that would dismantle the Finance Authority.

The Board's action in terminating the contract for the independent investigation, which was part of a recommended action plan created by me and NMFA senior management with the advice of the best experts in the country, was inappropriate. I consistently warned the Board that such an action could result in a lowering of NMFA's bond/credit ratings as the financial markets had already endorsed the action plan that senior management and I had originally developed.

The original prudent action plan was the result of direct involvement of the acting Board Chairman, after being vetted by the Executive Committee, and after additional review with all other Board members. Unfortunately, under the direction of the new Board Chair, the decision to reverse course and cancel this contract with a nationally respected law firm not only placed the Finance Authority's bond/credit ratings at unnecessary risk, but it delayed for a month the initiation of any investigation to determine if any money was missing and how the fraudulent audit was created. At a time when quick and decisive action was needed to calm financial markets, which senior management and I achieved in developing the original action plan, the Board took a course of action that

was not in the best interest of the Finance Authority. Such a decision could still have long lasting impact on the finances of not only the Finance Authority, but also on many local communities across New Mexico.

Throughout the entire fraudulent audit situation, I have provided strong leadership by taking every step possible to preserve and protect the integrity and interest of the Finance Authority. I have done nothing wrong in regards to the fraudulent audit. I have cooperated fully with all investigations. I have provided nothing but the facts. Yet, all I received in return is termination.

In response to my September 7<sup>th</sup> memorandum to the Board which identified the immediate and proper steps senior management and I undertook as soon as we discovered the fraudulent audit, I was given a long overdue opportunity to meet with NMFA's Executive Committee on September 24, 2012. This meeting, with only four of the eleven Board members, came 74 days after senior management and I initially announced the existence of the fraudulent audit. This was the only time I was able to explain my and senior management's actions involving the fraudulent document. After I read my presentation which contained numerous facts, there was only one question asked. It was evident that my fate had been pre-determined and Board minds had been made up --- though no findings have been issued by any of the investigations and the Board has made no attempt to understand the facts. The Board has also failed to understand how the Administration's 13 Point Memo and its underlying anti-Finance Authority bias provides the motivation for many of the questionable events, including my termination, that have occurred since July 12, 2012.

Attached is a copy of an email I sent to all NMFA Board members on September 27 which summarized the presentation I made to the Executive Committee. A copy of the 13 Point Memo is also attached.

In light of today's arbitrary and unjust action by the Finance Authority Board, I have no other choice than to continue pursuing all legal and other options to preserve and protect my longstanding reputation for honesty and integrity.

I have been honored to serve the people of New Mexico as the Chief Executive Officer of the New Mexico Finance Authority during the past thirteen months. During my tenure, I am proud of the many accomplishments the NMFA has achieved in improving the quality of life and the basic infrastructure within the State, both of which are essential to creating jobs and expanding economic opportunity. It has also been a pleasure working with numerous small businesses across the State as a helpful partner in building a better New Mexico.